

REGULAR BOARD OF TRUSTEES MEETING MINUTES

TUESDAY, SEPTEMBER 27, 2005

Don Bennett called the meeting to order at 10:00 a.m. Other Board members present included Karen Davis, Kevin Boehnlein, Tim Walsh and Chuck Schalliol.

TRF staff present included Robert Newland, Phil Barnes, Tom Davidson, Tom Abbett, Amy Maynard, Steffanie Rhinesmith, Carmen Johnson and Shelley Horner. Also in attendance were Tony Armstrong and Zach Jackson of the Budget Agency, Gayle Byers of RE Sutton Associates, Steve Harding and Skip Halpern of Independent Fiduciary Services, Mary Beth Braitman of Ice Miller, Steve Moberly of IRTA and Rod Ellcessor of ISTA

The Agenda was approved as presented.

Tony Armstrong moved to approve the agenda. Karen Davis seconded the motion. The motion carried.

The minutes of the August 27, 2005 meeting were approved after adding GMO to the approved money managers on page B.

Chuck Schalliol moved to approve the Minutes. Tim Walsh seconded the motion. The motion carried.

Don Bennett introduced Kevin Boehnlein as a new board member.

Shelley Horner presented retiree payments for the month of October 2005.

Chuck Schalliol moved to accept the payments. Karen Davis seconded the motion. The motion carried.

Tom Abbett presented the expenditures for the month of August 2005 as well as the actual expenses compared to the 05-06 budget. Tom updated the board on the cost of changing the bond amounts for the Board of Trustees and Executive Director. The cost is \$375 for \$25,000 worth of coverage and \$750 for \$50,000 worth of coverage. The board agreed to not make any changes to the current coverage with regards to bonding.

Bob Newland discussed the Director's report. Pension Management Oversight Commission (PMOC) met on September 14th and are planning on meeting September 29th. These meetings review proposed legislation and technical corrections for pension plans. Currently TRF has three corrections under PMOC review.

Bob Newland presented the investment reports. Bob added that the RREEF contract was amended to work with co-mingled funds. TRF will be 50% funded in 6 months and 100% funded in 1 year. Wells Capital and Bridgewater contracts are complete. GMO will be complete soon.

The board asked for the employer rate to be reflected in the monthly report.

Steve Harding and Samuel Halpern of Independent Fiduciary Services (IFS) presented their findings on the audit performed of Callan Associates. IFS conclusions and recommendations were:

- ✧ TRF should request the amount and source of revenue or compensation Callan receives from investment managers currently employed by the fund and all managers being reviewed for future searches for TRF.
- ✧ TRF should require annual written disclosures of any business relationships the managers have with consultants.
- ✧ TRF should conduct an annual formal review of consultants and investment manager disclosures.

Kevin Boehnlein moved to accept the three recommendations from IFS after amending the first recommendation to request the amount and source of revenue or compensation Callan receives from investment managers being reviewed

for future searches, after the search is narrowed down to the final 12 managers. Chuck Shalliol seconded the motion. The motion carried.

Chuck Shalliol moved to make the IFS audit public knowledge. Karen Davis seconded the motion. The motion carried.

The IFS presentation ended at 11:55 a.m.

The next meeting was scheduled for October 25, 2005 at 10:00 a.m.

The November meeting was tentatively scheduled for November 29, 2005.

Gayle Byers presented information on Medicare Plan D and how this will impact our retired teachers' coverage. Mr. Byers spoke of four options available to TRF:

- ✧ Subsidy – Medicare offsets the cost of drug coverage to employers who elect to continue their group RX benefit as primary to Medicare eligibles.
- ✧ Waiver – is available for plan sponsors who are fully insured, however the administrative complexities and premiums quoted make this route questionable.
- ✧ Wrap – This would create a drug benefit which would function secondary to Medicare Plan D. This would require all TRF participants to have atleast the basic Part D coverage.
- ✧ Eliminate – TRF no longer offering a drug benefit.

Gayle Byers will make a recommendation at the next meeting.

Kevin Boehnlein moved to adjourn this meeting. Don Bennett seconded the motion. The motion carried.

Being no additional business, the meeting adjourned at 12:35 p.m.